

FORM 2220ME
2002
UNDERPAYMENT OF
ESTIMATED TAX

MAINE REVENUE SERVICES
P.O. BOX 1062
AUGUSTA, ME 04332-1062

020012600

This form can be used for the computation of penalty for underpayment of estimated tax for the Maine Corporate Income Tax and Maine Franchise Tax. Enclose with the appropriate Maine return.

For calendar year 2002, or fiscal year beginning _____, 2002 and ending _____, 200_____.

NAME	FEDERAL IDENTIFICATION NUMBER
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NUMBER AND STREET

CITY OR TOWN, STATE AND ZIP CODE

Part I - Calculating Your Underpayment

1. 2002 tax, check the applicable box:

Line 7c, Form 1120ME minus allowable business credits; Line 3c, Form 1120B-ME minus allowable business credits 1 _____

2. Multiply line 1 by 90% 2

3. 2001 tax (if 2001 is short-year, enter amount from line 2) (If this line or line 1 is less than \$1,000, do not complete rest of form) 3

4. Enter the smaller of line 2 or line 3 4

PAYMENT DUE DATES

Enter in Columns A through D the installment dates that correspond to the 15th day of the 4th, 6th, 9th and 12th months of the taxable year.

5. Enter 25% of line 4 in columns A through D, unless (a) or (b) below applies:

☐ a. Actual liability: Check here and on line 9b, page 2, Form 1120ME. Enter amount from line 18 of the annualization worksheet.

☐ b. If the corporation is a "large" corporation under IRC § 6655(g)(2)(A), enter the required estimated tax amount by statute and check this box 5

6. a. Estimated tax paid and carryover of prior year overpayment 6a

b. Overpayment on line 8b of the prior period 6b

7. Line 6a plus line 6b 7

8. a. Underpayment (Line 5 minus line 7) or 8a

b. Overpayment (Line 7 minus line 5) 8b

Part II - Calculating the Penalty

9. Enter the date of payment of the underpayment on line 8a
or the due date of the return, whichever is earlier9

10. Number of months or fraction thereof from due date of installment to the date shown on line 9 10

11. Enter the rate from the table on reverse side 11

12. Underpayment penalty. Underpayment on line 8a multiplied by rate on line 11 12

13. Total of amounts shown on line 12. Enter result here and on Form 1120ME, line 9b or Form 1120B-ME, line 5b 13

A	B	C	D
line 9b or Form 1120B-ME, line 5b			13

INSTRUCTIONS FOR FORM 2220ME

PURPOSE OF FORM: Form 2220ME will enable corporations and financial institutions to determine if they paid the correct amount of estimated tax by the proper due date. If the minimum amount was not paid timely, an underpayment penalty is imposed for the period of underpayment. This form helps determine whether or not you are subject to this penalty.

WHO MUST PAY THE UNDERPAYMENT PENALTY: If you did not pay enough estimated tax by any due date for paying estimated tax, you may be charged a penalty.

In general, you may owe the penalty if, for 2002, you did not pay the smaller of 90% of your tax liability for 2002 or 100% of the tax liability for 2001 if the 2001 return covered 12 months. Large corporations, as defined by IRC § 6655(g)(2)(A), must also meet the test required by 36 M.R.S.A. § 5228(5)(c).

EXCEPTIONS TO THE PENALTY: You will not have to pay the penalty or file this form if either of the following two situations applies:

1. Your tax liability for 2002, reduced by allowable credits, is less than \$1,000.
2. Your 2001 tax liability was less than \$1,000.

The penalty may be avoided if at least 90% of the 2002 tax was paid when due, even though you may be required to file this form.

ACTUAL LIABILITY FOR EACH QUARTER: Taxpayers are required to make four equal installments of estimated tax unless the actual liability can be established, by adequate record, for each required installment payment of estimated tax.

COMPUTATION OF UNDERPAYMENT PENALTY: If no exception applies for an installment date, complete lines 9 through 13 to determine the amount of the penalty. The penalty is based on the amount of the underpayment of the required installment for the period of underpayment. It is computed at the stated rate for each month or fraction thereof in the period of underpayment. For calendar year 2002, the penalty rate is 0.667% per month or fraction thereof, compounded monthly. For calendar year 2003, the penalty rate is 0.583%, compounded monthly. The effective rate for the number of months shown on line 10 is listed below.

Number of Months shown on line 10	1	2	3	4	5	6	7	8	9	10	11
Enter this Rate on line 11, Column A	.006667	.013378	.020134	.026935	.033781	.040673	.047610	.054595	.061625	.067818	.074047
Enter this Rate on line 11, Column B	.006667	.013378	.020134	.026935	.033781	.040673	.047610	.053722	.059868		
Enter this Rate on line 11, Column C	.006667	.013378	.020134	.026935	.032925	.038950					
Enter this Rate on line 11, Column D	.006667	.012539	.018445								

NOTE – 30% Federal Bonus Depreciation: If you were required to add-back any federal 30% bonus depreciation on Form 1120ME, line 4g, you may be able to reduce your Underpayment of Estimated Tax Penalty. Use the worksheet below to calculate the adjusted 2002 tax for 2220ME, line 1:

1. Enter amount from 1120ME, line 6 \$ _____
2. Enter amount from 1120ME, line 4g \$ _____
3. *Adjusted taxable income* (line 1 minus line 2) \$ _____
4. *Adjusted income tax* (find the tax for the amount on line 3 by using the tax schedule in the 1120ME tax booklet) \$ _____
5. Enter amount from 1120ME, line 7b (exclude any federal 30% bonus depreciation add-back from the AMT calculation) \$ _____
6. *Adjusted total tax* (line 4 plus line 5) \$ _____
7. Enter amount from 1120ME, line 8c \$ _____
8. *Adjusted net tax* (line 6 minus line 7) \$ _____
(if less than zero, enter zero -- Enter this amount on Form 2220ME, line 1)

Annualized Income Installment Worksheet for Underpayment of Estimated Tax

(see instructions on reverse)

		A	B	C	D
		First three months of tax year	First five months of tax year	First eight months of tax year	First eleven months of tax year
1.	Annualization periods.	1			
2.	Enter taxable income for each annualization period.	2			
3.	Annualization amounts.	3			
		4	2.4	1.5	1.09091
4.	Annualized taxable income. Multiply line 2 by line 3.	4			
5.	Calculate the tax on the amount in each column on line 4 using the tax table on page 6 of the booklet instructions.	5			
6.	Enter alternative minimum tax for each payment period (See instructions).	6			
7.	Total tax. Add lines 5 and 6.	7			
8.	For each period, enter the same type of credits as allowed on Form 2220ME, line 1 (See instructions).	8			
9.	Total tax after credits. Subtract line 8 from line 7. If zero or less, enter 0.	9			
10.	Applicable percentage.	10			
		25%	50%	75%	100%
11.	Multiply line 9 by line 10.	11			
12.	Add the amounts in all preceding columns of line 18 (See instructions).	12			
13.	Annualized income installments. Subtract line 12 from line 11. If zero or less, enter 0.	13			
14.	Enter 25% of line 4 of Form 2220ME in each column. (Note: "Large corporations" see instructions.)	14			
15.	Enter the amount from line 17 of the preceding column.	15			
16.	Add lines 14 and 15.	16			
17.	If line 16 is more than line 13, subtract line 13 from line 16; otherwise, enter 0.	17			
18.	Required installments. Enter the smaller of line 13 or line 16 here and on Form 2220ME, line 5.	18			

ANNUALIZED INSTALLMENT WORKSHEET

If your income varied during the year because, for example, you own a seasonal business or the majority of your income was received at once, you may be able to lower or eliminate the amount of your quarterly estimated tax payments by using the annualized income installment method. Use the Annualized Income Installment Worksheet to calculate the required 2002 installment for each payment due date.

SPECIFIC INSTRUCTIONS

NOTE: You must complete lines 1-18 of each column before going on to the next column.

(First complete Form 2220ME, lines 1 through 4)

Line 1 - Annualized periods: These periods may or may not be the same as your federal periods. See 36 M.R.S.A. § 5228(5).

Line 6 - Alternative minimum tax: For the amount in each column, compute the annualized alternative minimum tax on Schedule B of Form 1120ME. Enter on lines 19, 20 and 21 of Schedule B the annualized amounts calculated for federal purposes for each annualized period.

Line 8. Enter the **credits** the corporation is entitled to for the months shown in each column on line 1.

Line 12. Complete lines 13 through 18 in each of the preceding columns before completing line 12.

Line 14 - Large corporations: A large corporation is defined by IRC § 6655(g)(2)(A). Such large corporations may elect to determine the first required installment for any taxable year based on the preceding year's state income tax liability, if that preceding year was a taxable year of 12 months. However, if the corporation so elects, the second required installment for the taxable year must equal 90% of the corporation's income tax liability for the first half of the current year, less the amount of the first installment for the taxable year as determined under this provision.